



UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

RANDY ROMERO; ET AL.,

Plaintiff,

v.

GROWLIFE, INC.; ET AL,

Defendants.

AND RELATED CASES

This Document Relates To: All Actions

Master File No.
CV14-3015-CAS(JEMx)

CLASS ACTION

**[PROPOSED] ORDER
PRELIMINARILY APPROVING
SETTLEMENT AND
PROVIDING FOR NOTICE**

Hon. Christina A. Snyder

CV14-3015-CAS(JEMx)

1 WHEREAS, (i) Lead Plaintiff Bryan Chong ("Lead Plaintiff") and (ii)
 2 Growlife, Inc., Sterling C. Scott, John Genesi, Marco Hegyi, Rob Hunt, Eric
 3 Shevin, Alan Hammer, Anthony Ciabattone, and Jeff Giarraputo (collectively the
 4 "Defendants")¹ have agreed to settlement of all claims asserted in this Litigation
 5 against all of the Defendants;

6 WHEREAS, that Settlement was entered into through a Stipulation of
 7 Settlement, dated March 26, 2015 (the "Stipulation"), which is subject to review
 8 under Rule 23 of the Federal Rules of Civil Procedure, and which, together with
 9 the exhibits thereto, sets forth the terms and conditions for the proposed Settlement
 10 of the claims alleged in the Complaint filed in the Litigation on the merits and with
 11 prejudice; and

12 WHEREAS, this Court having read and considered the Stipulation, the
 13 proposed Postcard Notice, proposed "Notice of Pendency and Proposed Settlement
 14 of Class Action" ("Notice"), the proposed "Summary Notice of Pendency and
 15 Proposed Class Action Settlement" ("Summary Notice"), the proposed Plan of
 16 Allocation of the Net Settlement Fund among Class Members, the proposed form
 17 of the Proof of Claim and Release ("Proof of Claim"), the proposed form of Order
 18 and Final Judgment, and submissions made relating thereto, and finding that
 19 substantial and sufficient grounds exist for entering this Order;

20 NOW, THEREFORE, IT IS HEREBY ORDERED, this 27th day of April
 21 2015, that:

22 1. Unless indicated otherwise, capitalized terms used herein have the
 23 same meanings defined in the Stipulation.

24 2. Pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil
 25 Procedure and for the purposes of the Settlement only, claims in the Litigation
 26 against Defendants are hereby preliminarily certified as a class action on behalf of
 27 all persons who purchased or otherwise acquired Growlife common stock during
 28 the period from November 14, 2013, through and including April 9, 2014, and

¹ Lead Plaintiff, on behave of himself and the Class, and Defendants are collectively referred to as the "Parties."

1 were damaged thereby. Excluded from the Settlement Class are Defendants and all
 2 former officers and directors of Growlife, and all such excluded persons'
 3 immediate families, legal representatives, heirs, predecessors, successors, and
 4 assigns, and any entity in which any excluded person has or had a controlling
 5 interest, and any persons who have separately filed actions against one or more of
 6 the Defendants, based in whole or in part on any claim arising out of or relating to
 7 any of the alleged facts, omissions, misrepresentations, facts, events, matters,
 8 transactions, or occurrences referred to in the Litigation or otherwise alleged,
 9 asserted, or contended in the Litigation. Also excluded are those persons who file
 10 valid and timely requests for exclusion in accordance with this Order.

11 3. This Court finds, preliminarily and for purposes of Settlement only,
 12 that the prerequisites for a class action under Rules 23(a) and (b)(3) of the Federal
 13 Rules of Civil Procedure have been satisfied in that: (a) the number of Settlement
 14 Class Members is so numerous that joinder of all members of the Settlement Class
 15 is impracticable; (b) there are questions of law and fact common to the Settlement
 16 Class; (c) the claims of the Lead Plaintiff are typical of the claims of the Settlement
 17 Class they seek to represent; (d) the Lead Plaintiff will fairly and adequately
 18 represent the interests of the Settlement Class; (e) the questions of law and fact
 19 common to the Settlement Class predominate over any questions affecting only
 20 individual members of the Settlement Class; and (f) a class action is superior to
 21 other available methods for the fair and efficient adjudication of the controversy.

22 4. Pursuant to Rule 23 of the Federal Rules of Civil Procedure,
 23 preliminarily and for the purposes of settlement only, Lead Plaintiff is certified as
 24 the class representative on behalf of the Settlement Class and the Lead Counsel
 25 previously selected by Lead Plaintiff and appointed by the Court, is hereby
 26 appointed as Lead Counsel for the Settlement Class.

27 5. A hearing (the "Final Settlement Hearing") pursuant to Federal Rule
 28 of Civil Procedure 23(e) is hereby scheduled to be held before the Court on August 3,
 2015 at 10 a.m. for the following purposes:

- a. to determine whether the Settlement is fair, reasonable, and
adequate, and should be approved by the Court;

- b. to finally determine whether the Order and Final Judgment as provided under the Stipulations should be entered, dismissing the Complaint on the merits and with prejudice, and to determine whether the release by the Class of the Released Parties as set forth in the Stipulations, should be ordered, along with a permanent injunction barring efforts to bring any claims extinguished by the release;
- c. to finally determine whether the proposed Plan of Allocation for the distribution of the Net Settlement Fund is fair and reasonable and should be approved by the Court;
- d. to consider the application of Plaintiffs' Counsel for an award of Attorneys' Fees and Expenses;
- e. to consider Class Members' objections to the Settlement, whether submitted previously in writing or presented orally at the Final Settlement Hearing by Class Members (or by counsel on their behalf); and
- f. to rule upon such other matters as the Court may deem appropriate.

6. The Court reserves the right to adjourn the Final Settlement Hearing to a later date and to approve the Settlement with or without modification and with or without further notice of any kind. The Court further reserves the right to enter its Order and Final Judgment approving the Settlement and dismissing the Complaint, on the merits and with prejudice, regardless of whether it has approved the Plan of Allocation or awarded Attorneys' Fees and Expenses.

7. The Court reserves the right to approve the Settlement with such modifications as may be agreed upon or consented to by the Settling Parties and without further notice to the Class where to do so would not impair Class Members' rights in a manner inconsistent with Rule 23 and due process of law.

8. The Court approves the form, substance and requirements of (a) the Postcard Notice, (b) the Notice, (c) the Summary Notice, and (d) the Proof of Claim, all of which are exhibits to the Stipulation.

1 9. Plaintiffs' Counsel has the authority to enter into the Stipulations on
2 behalf of the Class and is authorized to act on behalf of the Class Members with
3 respect to all acts or consents required by or that may be given pursuant to the
4 Stipulations or such other acts that are reasonably necessary to consummate the
5 Settlement.

6 10. Strategic Claims Services, Inc. is appointed and approved as the
7 Claims Administrator for the Settlement.

8 11. Plaintiffs' Counsel, through the Claims Administrator, shall cause the
9 Postcard Notice, substantially in the forms annexed hereto, to be mailed, by first
10 class mail, postage prepaid, within twenty-eight (28) calendar days of the entry of
11 this Order, to all Class Members who can be identified with reasonable effort by
12 the Claims Administrator. The Postcard Notice will contain instructions on how
13 Class Members can obtain copies of the detailed Notice and Proof of Claim online
14 or by contacting the Claims Administrator.

15 12. Plaintiffs' Counsel is authorized to establish a Notice and
16 Administration Account (as defined in the Stipulations) of \$125,000 (One Hundred
17 Twenty-Five Thousand Dollars), to be used for reasonable out-of-pocket costs in
18 connection with providing notice of the Settlement to the Class and for other
19 reasonable out-of-pocket administrative expenses. After the Effective Date,
20 additional amounts may be transferred from the Settlement Fund to the Notice and
21 Administration Account.

22 13. Defendants and any and all issuers, securities firms or transfer agents
23 holding transfer records which indicate the legal owners of Growlife common
24 stock currently or during the Class Period are hereby ordered to produce such
25 transfer records in a usable electronic format to Plaintiffs' Counsel or the Claims
26 Administrator within fourteen (14) calendar days of receipt of a copy of this Order.

27 14. Plaintiffs' Counsel, through the Claims Administrator, shall also make
28 all reasonable efforts to give notice to nominee owners such as brokerage firms and
other persons or entities who purchased Growlife common stock during the Class
Period. Such nominee purchasers are directed to forward copies of the Postcard
Notice to their beneficial owners or to provide the Claims Administrator with lists

1 of the names and addresses of the beneficial owners and the Claims Administrator
2 is ordered to send the Postcard Notice promptly to such beneficial owners.
3 Additional copies of the Postcard Notice shall be made available to any record
4 holder requesting same for the purpose of distribution to beneficial owners, and
5 such record holders shall be reimbursed from the Settlement Fund, upon receipt by
6 the Claims Administrator of proper documentation, for the reasonable expense of
7 sending the Postcard Notice to beneficial owners.

8 15. Plaintiffs' Counsel shall, at or before the Final Settlement Hearing,
9 serve upon Defendants' Counsel, and file with the Court, proof of mailing of the
10 Postcard Notice, both to Class Members and to nominees.

11 16. Plaintiffs' Counsel, through the Claims Administrator, shall cause the
12 Summary Notice to be published electronically once on the *GlobeNewswire* and in
13 print once in the *Investor's Business Daily* within ten (10) calendar days after the
14 entry of this Order. Plaintiffs' Counsel shall, at or before the Final Settlement
15 Hearing, serve upon Defendants' Counsel and file with the Court proof of
16 publication of the Summary Notice.

17 17. The forms and methods set forth herein of notifying the Class of the
18 Settlement and its terms and conditions meet the requirements of due process and
19 Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the
20 Exchange Act, 15 U.S.C. 78u-4(a)(7), as amended by the Private Securities
21 Litigation Reform Act of 1995; constitute the best notice practicable under the
22 circumstances; and constitute due and sufficient notice to all persons and entities
23 entitled thereto. No Class Member will be relieved from the terms of the
24 Settlement, including the releases provided for therein, based upon the contention
25 or proof that such Class Member failed to receive actual or adequate notice.

26 18. In order to be entitled to participate in recovery from the Net
27 Settlement Fund after the Effective Date, each Class Member shall take the
28 following action and be subject to the following conditions:

- a. A properly completed and executed Proof of Claim must be submitted to the Claims Administrator, at the Post Office Box indicated in the Notice, postmarked no later than seventy-five (75)

1 calendar days from the date of this Order. Such deadline may be
2 further extended by Order of the Court. Each Proof of Claim shall
3 be deemed to have been submitted when legibly postmarked (if
4 properly addressed and mailed by first-class mail) provided such
5 Proof of Claim is actually received before the filing of a motion for
6 an Order of the Court approving distribution of the Net Settlement
7 Fund. Any Proof of Claim submitted in any other manner shall be
8 deemed to have been submitted when it was actually received by
9 the Administrator at the address designated in the Notice.

10 b. The Proof of Claim submitted by each Class Member must satisfy
11 the following conditions: (i) it must be properly filled out, signed
12 and submitted in a timely manner in accordance with the
13 provisions of the preceding subparagraph; (ii) it must be
14 accompanied by adequate supporting documentation for the
15 transactions reported therein, in the form of broker confirmation
16 slips, broker account statements, an authorized statement from the
17 broker containing the transactional information found in a broker
18 confirmation slip, or such other documentation as is deemed
19 adequate by the Claims Administrator or Plaintiffs' Counsel; (iii)
20 if the person executing the Proof of Claim is acting in a
21 representative capacity, a certification of his current authority to
22 act on behalf of the Class Member must be provided with the Proof
23 of Claim; and (iv) the Proof of Claim must be complete and
24 contain no material deletions or modifications of any of the printed
25 matter contained therein and must be signed under penalty of
26 perjury.

27 c. Once the Claims Administrator has considered a timely submitted
28 Proof of Claim, it shall determine whether such claim is valid,
deficient or rejected. For each claim determined to be either
deficient or rejected, the Claims Administrator shall send a
deficiency letter or rejection letter as appropriate, describing the

1 basis on which the claim was so determined. Persons who timely
2 submit a Proof of Claim that is deficient or otherwise rejected shall
3 be afforded a reasonable time (at least seven (7) calendar days) to
4 cure such deficiency if it shall appear that such deficiency may be
5 cured.

6 d. For the filing of and all determinations concerning their Proof of
7 Claim, each Class Member shall submit to the jurisdiction of the
8 Court.

9 19. All Class Members who do not submit valid and timely Proofs of
10 Claim will be forever barred from receiving any payments from the Net Settlement
11 Fund, but will in all other respects be subject to and bound by the provisions of
12 the Stipulation and the Order and Final Judgment, if entered.

13 20. Class Members shall be bound by all determinations and judgments in
14 the Litigation, whether favorable or unfavorable, unless such persons request
15 exclusion from the Class in a timely and proper manner, as hereinafter provided.
16 A Class Member wishing to make such request shall mail it, in written form, by
17 first class mail, postage prepaid, or otherwise deliver it, so that it is received no
18 later than thirty (30) calendar days prior to the Final Settlement Hearing or
19 July 6, 2015, to the addresses listed in the Notice. Such request for exclusion
20 shall clearly indicate the name and address and phone number and e-mail contact
21 information (if any) of the person seeking exclusion, state that the sender
22 specifically requests to be excluded from the Class, and must be signed by such
23 person. Such persons requesting exclusion are also required to specify all their
24 purchases and sales of Growlife common stock during the Class Period, including
25 the date, number of shares and price of the shares purchased or sold. The request
26 for exclusion shall not be effective unless it provides the required information, is
27 legible, and is made within the time stated above, or the exclusion is otherwise
28 accepted by the Court. Plaintiffs' Counsel may contact any person or entity filing
a request for exclusion, or their attorney if one is designated, to discuss the
exclusion.

1 21. Class Members requesting exclusion from the Class shall not be
2 entitled to receive any payment out of the Net Settlement Fund.

3 22. The Court will consider comments and/or objections to the
4 Settlement, the Plan of Allocation, or the application for Attorneys' Fees and
5 Expenses and any payment to Lead Plaintiff only if such comments or objections
6 and any supporting papers are served to be received at least twenty (20) calendar
7 days prior to the Final Settlement Hearing, upon each of the following:

8 Laurence M. Rosen, Esq.
9 THE ROSEN LAW FIRM, P.A.
10 355 South Grand Avenue, Suite 2450
11 Los Angeles, CA 90071

12 *Counsel for Lead Plaintiff and the Class*

13 John R. Armstrong, Esq.
14 HORWITZ & ARMSTRONG LLP
15 26475 Rancho Parkway South
16 Lake Forest, CA 92630

17 *Counsel for Defendants*

18 and the objector has (by that same date) filed said objections, papers and briefs,
19 showing due proof of service upon counsel identified above, with the Clerk of the
20 Court, U.S. District Court, Central District of California, 312 North Spring Street,
21 Los Angeles, California 90012. Attendance at the Final Settlement Hearing is not
22 necessary but persons wishing to be heard orally in opposition to the Settlement,
23 the Plan of Allocation, and/or the application for Attorneys' Fees and Expenses are
24 required to indicate in their written objection (or in a separate writing that is
25 submitted in accordance with the deadline and after instruction pertinent to the
26 submission of a written objection) that they intend to appear at the Final Settlement
27 Hearing and identify any witnesses they may call to testify or exhibits they intend
28 to introduce into evidence at the Final Settlement Hearing. Class Members do not

1 need to appear at the Final Settlement Hearing or take any other action to indicate
2 their approval.

3 23. Any Class Member who does not object in the manner prescribed
4 above shall be deemed to have waived all such objections and shall forever be
5 foreclosed from making any objection to the fairness, adequacy or reasonableness
6 of the Settlement, the Order and Final Judgment to be entered approving the
7 Settlement, the Plan of Allocation, or the application for an award of Attorneys'
8 Fees and Expenses and a payment to Lead Plaintiff.

9 24. The Court reserves the right to adjourn the Final Settlement Hearing
10 or any adjournment thereof without any further notice other than entry of an Order
11 on the Court's docket, and to approve the Settlement without further notice to the
12 Class.

13 25. All papers in support of the Settlement, the Plan of Allocation and any
14 application for Attorneys' Fees or Expenses or a payment to Lead Plaintiff shall be
15 filed and served thirty-five (35) calendar days before the Final Settlement Hearing.

16 26. Any submissions filed in response to any objections or in further
17 support of the Settlement, the Plan of Allocation and any application for Attorneys'
18 Fees or Expenses or a payment to Lead Plaintiff shall be filed no later than
19 fourteen (14) calendar days prior to the Final Settlement Hearing.

20 27. Pending final determination of whether the Settlement should be
21 approved, all Class Members, and each of them, and anyone acting or purporting to
22 act for any of them, shall be enjoined from prosecuting, attempting to prosecute, or
23 assisting others in the prosecution of, any Settled Claims. In addition, the
24 Litigation is stayed.

25 28. In the event the Settlement is not consummated pursuant to its terms,
26 the Stipulations, except as otherwise provided therein, including any amendment(s)
27 thereto, and this Order, shall be null and void, of no further force or effect, and
28 without prejudice to any Settling Party, and may not be introduced as evidence or

1 referred to in any action or proceedings by any person or entity, and each party
2 shall be restored to his, her or its respective position as it existed before the
3 execution of the Stipulation, pursuant to the terms of the Stipulation.

4 29. The Court retains exclusive jurisdiction over the action to consider all
5 further matters arising out of, or relating to, the Settlement, including by way of
6 illustration and not limitation, any dispute concerning any Proof of Claim filed by
7 any Class Member and any future requests by one or more of the Parties that the
8 Final Order and Judgment, the Release and/or the permanent injunction set forth in
9 the Stipulation be enforced.

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11 Dated: April 27, 2015

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13 christina a. snyder
14 HON. CHRISTINA A. SNYDER
15 UNITED STATES DISTRICT JUDGE
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